

VZCZCXRO3392
OO RUEHCHI RUEHDT RUEHHM
DE RUEHKL #0184/01 0311018
ZNY SSSSS ZZH
O 311018Z JAN 07
FM AMEMBASSY KUALA LUMPUR
TO RHHMUNA/USCINCPAC HONOLULU HI IMMEDIATE
RUEHC/SECSTATE WASHDC IMMEDIATE 8417
INFO RUEHZS/ASSOCIATION OF SOUTHEAST ASIAN NATIONS IMMEDIATE
RUEKJCS/SECDEF WASHDC IMMEDIATE

S E C R E T SECTION 01 OF 04 KUALA LUMPUR 000184

SIPDIS

SIPDIS

FROM AMBASSADOR LAFLEUR FOR ADMIRAL FALLON

E.O. 12958: DECL: 01/30/2027
TAGS: [MARR](#) [MASS](#) [MCAP](#) [MOPS](#) [PREL](#) [PTER](#) [OVIP](#) [MY](#)
SUBJECT: SCENESETTER FOR THE VISIT OF PACOM COMMANDER
ADMIRAL FALLON

Classified By: Deputy Chief of Mission David B. Shear, reasons 1.4 (b, d).

Summary

¶1. (C) Admiral Fallon, we welcome your visit to Malaysia. Malaysian-American relations rest on a range of common interests and have improved in the three years since Prime Minister Abdullah Badawi took the helm. This moderate Muslim-majority state is our tenth-largest trading partner worldwide. Although Malaysia is not a treaty ally, we have increasingly strong military-military and counter-terrorism cooperation. In international affairs, Malaysia often bases its policies on Non-Aligned Movement and Islamic world solidarity. Malaysia strongly opposed us on the Iraq invasion and our stance on Israel's use of force in Lebanon, and Malaysia is developing closer relations with Iran. However, Malaysia has stepped forward to provide troops for the UN force in Lebanon and continues to contribute to peacekeeping operations in places such as East Timor. While Malaysia often takes positions opposing our own in the UN, Prime Minister Abdullah has met regularly with President Bush and has developed a useful dialog on Muslim world relations with the West. Abdullah promotes a moderate vision of Islam and Malaysia has worked to defuse ethnic conflicts involving Muslims in the Philippines and elsewhere in Southeast Asia. We hope your visit will further strengthen the mil-mil ties between the U.S. and Malaysia. End Summary.

Political/Economic Landscape

¶2. (C) Malaysia has been a difficult political partner in the past. Malaysians nurse strong anti-colonial sentiments. They are fiercely protective of their sovereignty and (among the Muslim Malay majority) resent perceived ill treatment of Islam by the West. Malaysian intellectuals tend to hold a "Euroskeptic" view of U.S. foreign policy in general and like to cast themselves as defenders of "third world" interests. Former Prime Minister Mahathir played on these sentiments to generate political support for himself and his ambitious economic agenda. When he relinquished his post in 2003, he left behind a modernized economy but also strained relations with much of the West. Today, however, Malaysia presents us with important transformational opportunities. In terms of its economic development, educational achievement, public welfare, and political stability, Malaysia stands out among Muslim-majority nations. The Malaysians project a moderate version of Islam, and, over the longer term, could lend additional support to democratic forces in the Middle East and Iraq. We also share strong common East Asian regional interests in stability and prosperity. Malaysian counter-terrorism cooperation is

indispensable in defeating Jemaah Islamiyah (JI) in the region. Malaysia's economy is one of the most open, diverse and well-developed economies in the Islamic world and in ASEAN. Malaysia is our tenth largest trading partner, we are Malaysia's number one foreign investor, and economic ties could strengthen further if ongoing negotiations on a free trade agreement are successful.

Bilateral Ties--Improving the Substance

¶3. (S) In our bilateral relations, the GOM has begun matching improvements in tone with improvements in substance.

PM Abdullah has openly espoused improved relations with the U.S., and values the good rapport he established in his meetings with the President. Last summer, Secretary Rice met with PM Abdullah and FM Hamid at the ASEAN Regional Forum and President Bush met with PM Abdullah on the sidelines of the UNGA in September. Last year the GOM acceded to our long-standing urging and signed the IAEA Additional Protocol; the Malaysians have also started sending observers to recent PSI exercises; and the GOM is preparing to implement an export control regime. The fifth round of our FTA talks will get underway in Malaysia in early February.

¶4. (C) Although they keep the details closely held, the GOM has been a key partner on counterterrorism. Early round-ups in 2001-2002 of scores of Jemaah Islamiyah (JI) suspects helped ensure there have been no terrorist attacks here. However, Malaysian extremists, as illustrated by a series of recent arrests in Malaysia's Borneo states, still have the capability to support JI operations elsewhere. Two Malaysian citizens were among the 14 high value U.S. detainees transferred to Guantanamo last year. In 2003,

KUALA LUMP 00000184 002 OF 004

Malaysia established the Southeast Asia Regional Center for Counterterrorism (SEARCCT), which runs a full schedule of multilateral training courses, many conducted with U.S. support. We and our colleagues in Manila, Jakarta and other Southeast Asian posts have embarked on a regional effort to strengthen these countries' border controls. In cooperation with GOM, we are undertaking a Border Control Assessment Initiative (BCAI) in eastern Sabah with participants from the Department of State, Homeland Security, USCG and JIATF West. The heads of the Embassy's Defense Attache and Defense Cooperation offices are attending the field portion of this assessment that will conclude prior to your visit.

Security Cooperation

¶5. (C) The strong state of U.S.-Malaysia bilateral defense ties finds expression in the very successful visit to the U.S. of Malaysian Armed Forces Chief Admiral Anwar in October, including Anwar's meeting with the Chairman of the Joint Chiefs of Staff; the Mid Year BITACG review in November; and the Chiefs of Defense Conference in November that was hosted jointly for the first time by PACOM-MAF. Mil-mil cooperation between the United States and Malaysia has grown in recent years particularly with regard to the greater frequency of high-visibility ship visits. Security-related training sponsored by the United States for military and law enforcement participants has also been on the rise. Although the possibility of a terrorist threat to the Malacca Strait has received the bulk of international attention, the fact is that although pirate attacks illustrate vulnerabilities, we have never identified any terrorist activities in the Straits. Conversely, terrorists operate regularly in the Sulu/Sulawesi Sea corridor and we are focusing increasingly on this theater.

¶6. (C) Malaysia's recent success initiating regional aerial monitoring of the Straits of Malacca (the "Eyes in the Sky" program), has helped reduce piracy in the Straits though it moves cautiously forward in its multilateral efforts in this

area. Malaysia concluded a new 505 agreement last year that will allow us to utilize 1206 funds to put CT equipment into the vulnerable Sulu and Sulawesi Seas border areas of Sabah where terrorists are known to transit. We are awaiting congressional approval of the 1206 proposals made in conjunction with regional embassies. Malaysia has not signed either a PSI or Article 98 agreement. In general, Malaysia remains open to bilateral cooperation that strengthens its own defense capacity, but the GOM will quickly raise the principles of sovereignty and territorial integrity when discussing international security regimes and coordination, such as for the Straits of Malacca. Malaysia's only multilateral defense arrangement is the Five Power Defense Pact with the UK, Singapore, Australia and New Zealand.

17. (S) We have been pleased by the overwhelmingly positive media coverage our ship visits have received, in contrast to the quiet arrivals of past years. The flip side to this is that our visits are getting increased attention from ideological foes on the Islamic right, and from some mainstream politicians pandering to the conservative Islamic vote. Deputy Prime Minister Najib has stoutly defended our cooperation before Parliament, and we do not see that our engagement is under threat. However, we do need to be cognizant of our increased military visibility and sensitive to GOM concerns, particularly with high tensions in the Middle East. The GOM cited concerns about the growing visibility of training in eastern Sabah when it recently decided to review on a case by case basis proposed training events involving foreign military forces in that region.

18. (C) Malaysia has one of the best records in UN Peacekeeping Operations. They have committed forces to operations in Timor in the past and are presently engaged there in police operations. 360 Malaysian troops are currently participating in UNIFIL and the GOM has offered a contingent of up to 1000 soldiers. Malaysia has developed a Peacekeeping Training Center and updated the facility in recent years to provide specialized training for the troops it sends into the field as well as personnel from foreign militaries. The USG has obligated almost 1.1 million dollars for GPOI funds for training and equipment that can be put into action with the signing of a new 505 agreement.

19. (C) Malaysia maintains strong relations with Iran, including a growing commercial relationship. Malaysia has lent rhetorical support to Iran's right to develop "peaceful" nuclear technology. Recent actions by Malaysian firms have

KUALA LUMP 00000184 003 OF 004

generated concerns of violations of U.S. laws and the Wassenaar Arrangement and a Malaysian company was among those recently sanctioned under the Iran Syria Non-proliferation Act (ISNA) for its role in shipping proscribed materials to Iran. While the GOM consistently maintains that it will support UN sanctions regimes, the activities of local firms doing business with Iran need to be closely monitored and we continue to request Malaysia's assistance in investigating suspicious activity. One Malaysian firm has signed an agreement for a multi-billion dollar investment to develop enormous natural gas fields in Iran.

Recent Mil-Mil Talks

10. (U) On 6 October 2006, your staff and the Malaysian Armed Forces conducted mid-term bilateral defense talks. There were a good number of issues advanced during this regional forum such as counter-terrorism cooperation in the Sulu/Sulawesi seas, pandemic response, and peacekeeping.

11. (SBU) Brigadier General Dowd's visit to Malaysia was well received and productive. He advanced several initiatives that will broaden our military relationship with Malaysia, namely the regional HA/DR center and Avian Influenza. Both of these programs capitalize on Malaysia's unique position

and capabilities within the region, and provide access to Muslim nations that otherwise would be difficult.

¶12. (SBU) The HA/DR Center initiative is promising, and has wide support in the government. The MAF has identified Subang Airfield as a likely choice for the center. Subang, the former international airport, served as the focal point for Malaysia's tsunami and Yogyakarta relief efforts. The facilities are modern and are available. Malaysia is an ideal location for a regional HA/DR center--centrally located, modern, stable, and Islamic. Malaysia is no further than two hours by air to almost any country in the region. Avian influenza preparedness is another promising area of bilateral cooperation. In September, PACAF conducted a successful AI SMEE with the Ministry of Health. The U.S. team recommended changing Malaysia's AI preparedness rating from High risk to Partner Nation. Building upon this success, the ODC has proposed a regional workshop on Bio-terrorism Defense-Strategic and Tactical Planning for spring 2007 with PACAF. Malaysia will co-host this multilateral/regional event as it has demonstrated capacity as a regional partner in preparing for the threat of avian/pandemic influenza. PACOM's efforts in furthering Malaysia's capacity as a regional responder are critical to the country teams in this regard.

Malaysian Foreign Policy and U.S. -- A Mixed Bag

¶13. (S) Abdullah champions his moderate vision of Islam -- albeit with limited impact to date -- within the Organization of the Islamic Conference (OIC), which Malaysia will continue to chair through early 2008. Malaysia supports Abbas, the Palestinian Authority, the MEPP roadmap, and Iraqi reconstruction. However, the Malaysian public remains highly critical of our Middle East policies, and the GOM is consistently critical of Israel, with which it has no diplomatic relations. Malaysia volunteered 1,000 troops to participate in UNIFIL. After more than a month of lobbying, and in the face of objections from Israel, UN SYG Annan agreed to allow Malaysia to send a force of 376 soldiers to support UNIFIL. These soldiers deployed to Lebanon in January.

¶14. (S) In early September, Malaysia surrendered the chairmanship of the Non-Aligned Movement, but as past chair remains a member of the leadership troika. During Malaysia's tenure it championed policies which supported the NAM stance on the Iranian nuclear program, and engaged, often on overly friendly terms, with such problematic international players as Zimbabwe, Cuba and Venezuela. Abdullah hosted Hugo Chavez for a visit to Malaysia in August, and assured Chavez of his support for Venezuela's election to the Latin American chair on the UN Security Council. This was followed by a well publicized visit to Venezuela by Abdullah in December to explore stronger commercial ties.

¶15. (C) The GOM issued a public condemnation of North Korea's nuclear test and publicly supports UNSCR 1718, although it has no enthusiasm for sanctions. They repeatedly called for a return to the six-party DPRK nuclear talks and criticized North Korea's truculence. The Malaysian

KUALA LUMP 00000184 004 OF 004

government is publicly supportive of China's "peaceful rise", welcoming in particular China's growing imports of Malaysian products, despite lingering suspicions among some officials of China's long-term intentions.

¶16. (C) In Southeast Asia, Malaysia has played an important and constructive role. In August Malaysia completed its earlier peacekeeping mission to East Timor following the armed uprising that led to deployment of Australian, Malaysian and Portuguese forces, while a new deployment of Malaysian police personnel to East Timor is underway. The GOM has also taken a leading role in the southern Philippines

peace process, hosting negotiations and contributing observers to the International Monitoring Team in the southern Philippines. The Malaysians have urged the Thai government to resolve peacefully the unrest in Southern Thailand and are hopeful that the government that takes over from the junta will take a more conciliatory role in calming their northern border. Malaysia is especially chagrined by Burma's intransigence because it championed Burma's entry into ASEAN. Having publicly criticized the Burmese regime, however, FM Hamid appears to be at a loss as to what to do next. Malaysia spoke out against the UNSC draft resolution on Burma, which we championed before the UN Security Council in January, and firmly backed the ASEAN argument that Burma was not a threat to international peace and security.

Malaysia's Moderate Islam

117. (C) Malaysia, with its entrenched majority coalition, is hardly an ideal democracy, but it can still serve as a reference point for evolving Islamic societies elsewhere. The Malay people, long known for their tolerance, have become more conservative in recent years, but Prime Minister Abdullah has enshrined the Malay political elite's continued preference for moderation in his "Islam Hadhari" or "Civilizational Islam" policy. Abdullah's key message is that Islam can become a leading world civilization again only if it embraces economic development, education, innovation and tolerance. Observers are wary of a longer-term trend toward greater divisions between the Muslim Malay majority and other ethnic groups, and religious minorities increasingly complain of growing Islamization. Nevertheless, Malaysia has kept inter-ethnic tensions well under control by regional and world standards for almost 40 years.

LAFLEUR